

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 574 – SB 634

March 24, 2015

SUMMARY OF ORIGINAL BILL: Declares that any real property owned by a local government entity, where the local government entity has executed a written agreement with private property owners for the purpose of such private property owners utilizing the property for agricultural use, continue to be utilized for agricultural purposes pursuant to any such agreement after the local government entity sells or transfers such property to another local government entity. Requires the local government entity selling any such property to provide notice to the affected private property owners 30 days prior to the sale or transfer. Requires the state agency be responsible for paying for any fencing, agricultural-related buildings, or watering required by the private property owners, when the private property owner is required to cease agricultural use of any real property that is sold or transferred to a state agency.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Potential increased expenditures for state and local governments of unknown amounts in instances that cases evolve for the purpose of deciding proper land use. Potential forgone revenue for any local government entity or state agency that acquires property for the purpose of development, which is prevented because such property is being used for agricultural purposes pursuant to a binding agreement.

SUMMARY OF AMENDMENT (004798): Deletes and replaces certain language such that the amended bill requires any state agency purchasing property that is used for agriculture purposes at the time of acquisition that subsequently ends this use on the property to provide the landowner who formerly used the property with information regarding potential grant funding for fencing and watering livestock and may work with the owner to seek such funding, if available, provided the owner is responsible for maintaining the improvements.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact - Potential forgone revenue for any local government entity or state agency that acquires property for the purpose of development, which is prevented because such property is being used for agricultural purposes pursuant to a binding agreement. The extent of any potential forgone revenue cannot be determined because such impacts are dependent upon future property acquisitions and the potential value of any subsequently developed property that would occur under current law.

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Assumptions for the bill as amended:

- The fiscal impact of this bill is dependent upon multiple unknown factors, including but not limited to, the number of existing written agreements between local governments and private property owners, the extent to which any agreements will occur in the future under current law, the extent to which any agreements will occur in the future under the provisions of this bill, the terms of any such agreements, the extent to which any applicable property would be sold to another local government entity, the extent to which any applicable property would be sold to a state agency, and the extent to which a state agency would be required to pay for any fencing, agricultural-related buildings, or watering costs required by the private property owners.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

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